



# San Francisco Department of Public Health

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FY 2022-23  
First Quarter Financial Report  
September 2022



# Highlights for Second Quarter Financials

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- Deficit projected for the current year, primarily due to reduced revenue at Laguna Honda due to lower census as a result of a pause in new admissions during the recertification process
- Figures in this report are preliminary and based on three months of actuals. Changes are likely over the course of the year due to
  - Laguna Honda recertification process
  - Hiring for over 400 new FTE added as part of the FY 2022-23 budget process
  - COVID Service Levels due to unforeseen surges
- COVID-19 Response project only reflects response costs, and no increased operating costs within SFHN operations
- Health at Home revenue and expenditures are now included under SFHN



# First Quarter Summary

| First Quarter Report               | Revenue        |                |               | Expenditure    |                |            | Total         |
|------------------------------------|----------------|----------------|---------------|----------------|----------------|------------|---------------|
|                                    | Revised        | Current        | Surplus/      | Revised        | Current        | Surplus/   | Surplus/      |
|                                    | Budget         | Projection     | (Deficit)     | Budget         | Projection     | (Deficit)  | (Deficit)     |
| HGH - Zuckerberg SF General        | \$ 1,107.7     | \$ 1,111.7     | \$ 4.0        | \$ 1,107.5     | \$ 1,116.5     | \$ (9.1)   | \$ (5.0)      |
| HLH - Laguna Honda Hospital        | \$ 214.5       | \$ 190.6       | \$ (23.9)     | \$ 337.2       | \$ 340.8       | \$ (3.6)   | \$ (27.6)     |
| HBH - Behavioral Health            | \$ 267.4       | \$ 273.8       | \$ 6.5        | \$ 425.0       | \$ 418.2       | \$ 6.8     | \$ 13.2       |
| HPC - Primary Care                 | \$ 20.2        | \$ 20.2        | \$ -          | \$ 153.1       | \$ 152.6       | \$ 0.5     | \$ 0.5        |
| HJH - Jail Health                  | \$ 0.4         | \$ 0.4         | \$ -          | \$ 42.3        | \$ 41.4        | \$ 0.8     | \$ 0.8        |
| HNS - Health Network including HAH | \$ 15.6        | \$ 13.6        | \$ (1.9)      | \$ 189.7       | \$ 187.3       | \$ 2.4     | \$ 0.5        |
| HPH - Public Health Division       | \$ 25.7        | \$ 24.6        | \$ (1.1)      | \$ 112.0       | \$ 110.3       | \$ 1.7     | \$ 0.6        |
| HAD - Central Administration       | \$ 44.4        | \$ 44.4        | \$ -          | \$ 170.5       | \$ 168.8       | \$ 1.7     | \$ 1.7        |
| <b>Total Operating</b>             | <b>1,695.7</b> | <b>1,679.3</b> | <b>(16.5)</b> | <b>2,537.1</b> | <b>2,536.0</b> | <b>1.1</b> | <b>(15.3)</b> |

# Zuckerberg San Francisco General \$5 million deficit



| Major Variances  | FY 21-22 GF<br>Favorable / (Unfavorable) |
|--|--|
| Revenues - \$33.1 million favorable                    |  |
| Net Patient Revenues (includes \$4 interim settlement) | \$4.0                                    |
| Expenditures – \$9.1 million shortfall                 |  |
| Salary and Fringe Benefits                             | (\$0.3)                                  |
| Non-personnel Services                                 | (\$3.8)                                  |
| Materials and Supplies                                 | (\$5.0)                                  |

# Laguna Honda Hospital

## \$27.6 million deficit



| Major Variances                                   | FY 22-23 GF Favorable / (Unfavorable) |
|---|---------------------------------------|
| Revenues  |                                       |
| Reduced Census since the beginning of fiscal year | (\$23.9)                              |
| Expenditures                                      |                                       |
| Salary and Fringe Benefits                        | \$3.9                                 |
| Non-Personnel Services                            | (\$7.5)                               |

# Behavioral Health

## \$13.2 million surplus



| Major Variances            | 22-23 GF Favorable / (Unfavorable) |
|----------------------------|------------------------------------|
| Revenues                   |                                    |
| Patient Revenues           | (\$8.3)                            |
| 2011 Realignment           | \$14.0                             |
| Other State Revenue        | (\$0.8)                            |
| Expenditures               |                                    |
| Salary and fringe benefits | \$3.0                              |
| Non-personnel Savings      | \$3.8                              |



# Primary Care: \$0.5 Million Surplus

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| Major Variances            | FY 22-23 GF<br>Favorable /<br>(Unfavorable) |
|----------------------------|---|
| Expenditures               |   |
| Salary and fringe benefits | \$0.5                                       |



# Jail Health: \$0.8 million shortfall

| Jail Health Services       | FY 22-23 GF<br>Favorable /<br>(Unfavorable) |
|----------------------------|---|
| Expenditure                |   |
| Salary and Fringe Benefits | \$2.6                                       |
| Non-personnel Services     | (\$1.8)                                     |

# Health Network Services: \$0.5 million surplus



| Major Variances            | FY 22-23 GF<br>Favorable / (Unfavorable) |
|----------------------------|--|
| Revenues                   |  |
| HSF Participant Fees       | (\$1.7)                                  |
| HCAO Fees                  | (\$0.3)                                  |
| Expenditures               |  |
| Salary and fringe benefits | \$5.4                                    |
| Non-personnel Services     | (\$3.0)                                  |

# Population Health Division: \$0.6 million surplus

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| Major Variances                  | 22-23 GF<br>Favorable /<br>(Unfavorable) |
|----------------------------------|--|
| Revenues                         |  |
| Patient Revenues                 | (\$1.1)                                  |
| Expenditures                     |  |
| Salary and fringe benefits       | \$1.3                                    |
| Sugar-sweetened Beverage Project | \$0.4                                    |

# Public Health Administration: \$1.7 M surplus

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| Major Variances            | 22-23 GF<br>Favorable /<br>(Unfavorable) |
|----------------------------|--|
| Expenditures               |  |
| Salary and fringe benefits | \$1.7                                    |
|                            |  |



# DPH Revenue Management Reserve

- Section 12.6 of the administrative provisions of the Annual Appropriation Ordinance allows the deferral of DPH Revenue Management Reserve.
- Reserve is based on net Medi-Cal, Medicare and Patient Revenue and allows for up to 50% of surplus revenues to be deposited, up to a total of 5% of the two-year budgeted revenues.
- Estimated \$15.3 million withdrawal will be made at year end to balance shortfall, leaving \$108.6 million remaining in the reserve.

| DPH Revenue Management Reserve as of Q1 2022-23                                     |               |             |  |               |                      |
|---|---------------|-------------|--|---------------|----------------------|
| Budgeted Revenues   | Medi-Cal      | Medicare    | Patient Revenues                           | Less IGT      | Annual total         |
| FY 2022-23  | 1,061,266,522 | 191,432,968 | 122,869,166                                | (114,034,233) | 1,262,120,134        |
| FY 2023-24  | 1,019,131,750 | 188,379,336 | 123,446,637                                | (116,148,435) | <u>1,215,506,998</u> |
|   |               |             | Total Revenues Over Two Years              |               | 2,477,627,132        |
|   |               |             | Starting Reserve Balance as of Q4 FY 22-23 |               | 123,881,357          |
|   |               |             | Q1 Expected Withdrawal                     |               | <u>(15,300,000)</u>  |
|   |               |             | Remaining Balance                          |               | 108,581,357          |
| Reserve balance as a percentage of Two year Medi-Cal, Medicare and Patient Revenues |               |             |  |               | 4.38%                |



# COVID Response Project Budget

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| <u>Branch</u>                             | <u>Revised<br/>Budget</u> | <u>Projection</u> | <u>Surplus/<br/>(Deficit)</u> |
|---|---------------------------|-------------------|-------------------------------|
| CoVid OPS - Central Operations            | 8.1                       | 7.5               | 0.5                           |
| CoVid OPS - SIP Hotels                    | -                         | 1.7               | (1.7)                         |
| CoVid OPS - Isolation & Quarantine Hotels | 5.7                       | 3.2               | 2.5                           |
| CoVid CDRU                                | 4.0                       | 2.4               | 1.5                           |
| CoVid OPS Community                       | 19.7                      | 19.6              | -                             |
| CoVid PLN Epi & Surveillance              | 2.0                       | 1.6               | 0.4                           |
| CoVid OPS Testing                         | 16.3                      | 16.0              | 0.3                           |
| CoVid OPS Vaccination                     | 16.7                      | 16.7              | -                             |
| <b>Total</b>                              | <b>72.5</b>               | <b>68.8</b>       | <b>3.7</b>                    |



# COVID Response Project Budget

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- \$3.7 million surplus projected, primarily due to the closeout of prior year encumbrances
  - \$2.5 million - Isolation and Quarantine Hotels
  - \$1.5 million – COVID Disease Response Unit
  - Savings offset by \$1.7 million shortfall in SIP hotels due to extension of services through the end of December 2022
- Projection assumes baseline level of services and does not include any service increases for revenue

# Questions

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Thank You